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## Positioning analysis in the FX market. The USD is cheap

Dear Customer,

In our latest FX investor positioning analysis, we started to see a statistically significant intensity of USD short positions against the major G10 currencies, especially against GBP and EUR, but also against other emerging currencies. We highlight the following points as the most relevant conclusions to date:

- The market value of the long positions of the EUR vs. the USD in the futures market amounts today to USD 24.49 bn (very close to the maximum in the last three years of USD 25.4bn), and very far from the minimum of three years of a net positioning in the EUR worth USD -8.6bn. (See table 1).
- Long EUR/short USD positioning is currently 1.21 standard deviations above normal positioning between these two currencies. Without being judgmental, it is significant. Although we have seen this positioning at more stressed levels in the last three years, with the deviation reaching an intensity of 2.5 standard deviations (see graph 2), the bottom line is that in terms of flows, a USD short selling anomaly is starting to take shape, and while this anomaly may stretch towards even more accentuated levels of stress, as has been the case over the last 3 years, we cannot lose sight of this.
- Other currencies that we consider overvalued against the USD are the GBP, BRL and MXN.

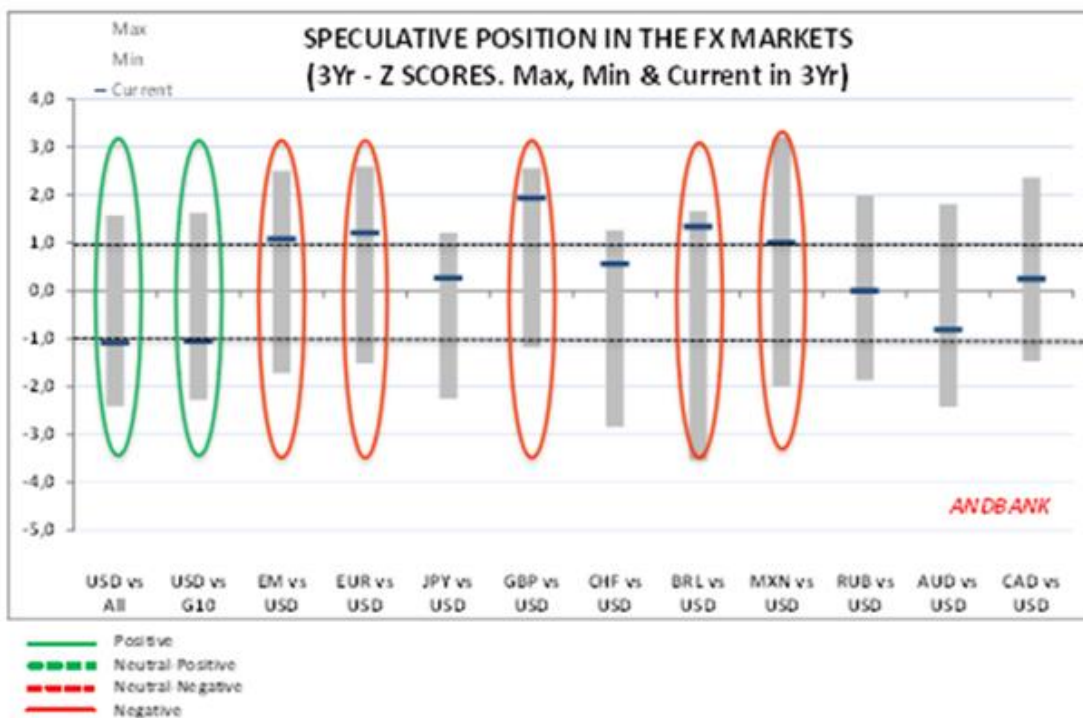


CURRENCIES

EXCHANGE RATES  
Flow analysis & Short-term view

Currency	Mkt Value of Net positions in the currency (Bn \$)	Change vs last month (Bn \$)	3-yr Max (Bn \$)	3-yr Min (Bn \$)	3-yr Avg (Bn \$)	Current Z-score 3-yr
USD vs All	-21,28	-7,18	32,1	-28,2	-0,8	-1,08
USD vs G10	-18,01	-7,39	32,7	-25,4	0,5	-1,05
EM	3,27	-0,21	3,9	-0,8	1,8	1,08
EUR	24,49	4,62	25,4	-8,6	11,8	1,21
JPY	-6,90	2,90	0,6	-15,0	-8,0	0,27
GBP	4,76	0,61	5,2	-6,5	-0,9	1,94
CHF	-1,22	-0,53	0,2	-6,0	-2,2	0,56
BRL	0,67	0,02	0,7	-0,8	0,0	1,34
MXN	2,60	-0,23	3,3	-1,2	1,5	1,00
RUB	0,00	0,00	1,2	-0,3	0,3	0,00
AUD	-3,48	-0,84	6,1	-5,2	-0,9	-0,81
CAD	0,42	0,64	6,1	-5,0	-0,3	0,25

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The currencies we technically favour are circled in green

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